

private lenders. Applicants must have sufficient income to meet loan payments and have a satisfactory credit history.

Loans can be made for 100 percent of the value of the property as appraised by FmHA, with a repayment term of 30 to 38 years. In Waukesha County, as of 1993, loans may not exceed \$95,000. The Section 502 program serves up to approximately 10 households per year in Waukesha County. There were about 70 outstanding Section 502 loans within the County at the end of 1994.

Section 515. Rural Rental Housing Program: The Section 515 program, established under the Federal Housing Act of 1949, provides loans in rural areas for construction, purchase, or rehabilitation of apartment-style rental housing, including duplexes, for households of low- and moderate-income²² and elderly persons.²³ Funds may also be used to buy or improve the land upon which buildings are to be located, provide streets and water and wastewater-disposal systems, and supply adequate recreational and laundry facilities. Eligible applicants include individuals, public agencies, cooperatives, and for-profit and nonprofit corporations. Except for public agencies, applicants must demonstrate that they are unable to obtain financing from other sources.

For-profit entities are required to provide initial operating capital equal to at least 3 percent of the cost of the project. Loans to nonprofit organizations or State and local public agencies can be made for up to 100 percent of the appraised value or development cost, whichever is less. Loans are repayable in up to 50 years for projects designated for elderly households and 40 years for other projects. In 1994, there were about 40 Section 515-financed rental housing units in Waukesha County, all located in the Villages of Dousman, Eagle, and Mukwonago.

Low-income rural families, including elderly, may pay reduced monthly rents for apartments they occupy under a rental assistance program available through the FmHA, subject to borrower participation and annual availability of funds. Families must be residents of rental housing projects financed by FmHA and must have a household income of 80 per

²²Low- and moderate-income definitions are the same as those established by the U.S. Department of Housing and Urban Development.

²³"Elderly households" are those with one or more persons age 62 and over.

cent or less than the area median family income²⁴ to be eligible to participate in the program. Tenants pay the basic rent or 30 percent of their adjusted gross income,²⁵ whichever is less, and payments are made to owners of the projects to subsidize the difference between what the tenant pays and fair market rents as established by FmHA on an individual project basis.

Summary of Government Activity in Housing

Table 107 contains a summary of the local, State, and Federal government housing-related programs described in this section of the chapter. It may be concluded that the government housing programs described here served about 4,000 households in Waukesha County in 1994. From this information and from the information presented in the housing needs section of the chapter, the level of government activity in housing within the County does not appear to be sufficient to address existing and probable future housing needs in the County, particularly among households with lower incomes.

HOUSING COSTS

The housing needs analysis presented earlier in this chapter indicated that about 13,500 households, or about 13 percent of the resident households in Waukesha County in 1990, were unable to adequate housing at a cost commensurate with their incomes. In addition, perhaps as many as 6,500 nonresident-worker households may have been unable to obtain adequate housing within the County at a cost commensurate with their incomes, assuming they would desire to reside in the County. Any effort to address housing problems in the County should thus consider whether it is practicable for the private sector to provide housing at lower cost, thereby making it more affordable to a greater number of resident households, as well as to nonresident households

²⁴The area median family income is set forth annually by the U.S. Department of Urban Development for the Milwaukee Metropolitan Statistical Area, of which Waukesha County is a part. The area median family income for a family of four, as set forth by HUD, was \$46,400 in 1994. This figure is utilized by many Federal and State housing and housing-related programs in determining the eligibility of recipients in Waukesha County.

²⁵The method of computing adjusted gross income for FmHA programs is the same as that used by HUD for the Section 8 programs. See footnote 20.

Table 107

**SELECTED LOCAL, STATE, AND FEDERAL GOVERNMENT
HOUSING PROGRAMS UTILIZED IN WAUKESHA COUNTY: 1994**

| Name of Program or Agency | Brief Description | Extent of Use in Waukesha County |
|---|---|---|
| LOCAL | | |
| Community Housing Initiative, Inc. | Nonprofit corporation organized to promote the development of affordable housing for lower-income residents. Also works with other local organizations to increase the availability of affordable housing in the County. | Administered the Waukesha County Housing Rehabilitation Assistance Program in 1993 and 1994, serving about 25 households per year. Served about 25 households per year through various other efforts in 1993 and 1994. |
| Waukesha County Homebuyer Program | Established in 1993, at the initiative of the County Executive, through the cooperative efforts of the Waukesha County Lender Consortium, the Waukesha Housing Authority, the Waukesha County Community Development Block Grant Program, and other local organizations, and administered by La Casa de Esperanza, Inc. The program is supported by a combination of public and private funds, including State HCRI and LHOG funds, and is intended to serve as a "one-stop" mechanism for potential homebuyers to access and understand various forms of housing assistance. | In 1994, the Homebuyer Program conducted 17 homeownership seminars in the Mukwonago, New Berlin, Oconomowoc, and Waukesha public libraries; and conducted homeownership seminars at about 10 major employers throughout the County. From November, 1993 to November, 1994, about 50 loans were provided to first-time homebuyers using the program, about 40 of which received downpayment and closing cost assistance. |
| Waukesha County Lender Consortium | Formed at the request of the County Executive to promote increased lending for the purpose of expanding homeownership and workforce development in Waukesha County. | Included 17 participating lending institutions in 1994. |
| STATE | | |
| Wisconsin Department of Administration, Division of Housing Housing Cost Reduction Initiative (HCRI) | Local sponsors compete for state-funded grants to be used to reduce the housing costs of low- and moderate-income households through closing cost or downpayment assistance or security deposit/rent assistance. HCRI funds are combined with Federal HOME funds under the Homebuyer component of the State's HOME program. | The Waukesha Housing Authority used HOME/HCRI funds to provide short-term (24 months or less) rental payment assistance to low-income households, with the potential to accommodate about 60 households in 1994. The Emergency Security Deposit or Rental Payment program, administered by Hebron House, Inc., served about 150 households in 1994. Downpayment and closing cost assistance provided through the Waukesha County Homebuyer Program administered by La Casa de Esperanza, Inc., was utilized by about 40 households in the County in 1994. |
| Local Housing Opportunity Grant (LHOG) | Local nonprofit housing organizations compete for state-funded grants to improve their capacity to provide affordable housing opportunities for low- and moderate-income households. | As of 1994, the only recipient of a LHOG grant in Waukesha County was La Casa de Esperanza, Inc. for funds utilized to administer the Waukesha County Homebuyer Program. |
| Wisconsin Housing and Economic Development Authority (WHEDA) Low-Income Housing Tax Credit Program | The program provides an incentive for acquisition and rehabilitation or new construction of low-income rental housing by providing credit against Federal income tax liability. As a basic program requirement, rental property owners either: 1) make at least 20 percent of their housing units available to households with incomes not exceeding 50 percent of the area median family income as adjusted for family size; or 2) make at least 40 percent of their housing units available to households with incomes not exceeding 60 percent of the area median family income as adjusted for family size. Property owners must agree to maintain these percentages for at least 30 years. | A total of about 270 housing units in 3 projects were completed or under construction in 1994 in Waukesha County which were utilizing the Low-Income Housing Tax Credit Program, about 150 units in the Village of Sussex, and about 120 units in the Village of Nashotah. From the beginning of the LHC program in 1987, through 1994, a cumulative total of about 720 rental housing units in Waukesha County utilize Low-Income Housing Tax Credits. |
| Multifamily Tax-Exempt Rental Housing Program | Provides construction and long-term nonrecourse mortgage financing for the development of multi-family rental housing through the sale of Federally tax-exempt mortgage revenue bonds. | A total of about 245 housing units in five projects were completed or under construction, under the Multifamily Tax-Exempt Rental Housing Program, in Waukesha County in 1994. |
| Taxable-Bond, Fixed-Rate Financing Program | Provides 30-year fixed-rate nonrecourse mortgage financing for projects using Low-Income Housing Tax Credits through the sale of taxable bonds. | No housing units were under construction in Waukesha County in 1994 under the Taxable Bond or Fixed Rate Financing Program. |
| Housing Grants Program | Provides grants to public and nonprofit agencies for developing and improving housing opportunities for low- and moderate-income persons, elderly, disabled, and persons-in-crisis. | A total of four WHEDA Housing Grants have been awarded to agencies in Waukesha County since 1985, including Community Housing Initiative, Inc., Hebron House of Hospitality, Inc., La Casa de Esperanza, Inc., and The Ranch, Inc. |

Table 107 (continued)

| Name of Program or Agency | Brief Description | Extent of Use in Waukesha County |
|---|---|--|
| FEDERAL | | |
| U.S. Department of Housing and Urban Development (HUD) | | |
| Section 8 Low-Income Rental Assistance Program (Waukesha Housing Authority) | HUD enters into an annual contributions contract with the Waukesha Housing Authority to provide low- and moderate-income tenants with subsidies. Such subsidies amount to the difference between 30 percent of the tenant's income and the HUD-established fair market rent. | The Waukesha Housing Authority administered a total of about 810 Section 8 certificates and vouchers in 1994. |
| Section 8 Low-Income Rental Assistance Program (Individual Rental Projects) | Until 1981, under the former "New Construction" component of the Section 8 program, HUD entered into long-term 20-year contribution contracts with individual property owners to provide subsidies for low- and moderate-income tenants. Under contracts remaining in effect in 1994, property owners receive rent subsidies from HUD, and tenants pay 30 percent of their adjusted gross income towards the rent of the housing units for which the subsidies are received. Such subsidies amount to the difference between 30 percent of the tenant's income and the HUD-established fair market rent. | In 1994, there were about 1,180 housing units in 16 rental housing projects in Waukesha County which received Section 8 assistance directly from HUD. |
| Low-Income Public Housing | Publicly-owned housing units, owned and managed by local housing authorities, are provided to low-income households at low rents. Because of Federal reductions in appropriations for new public housing units, no new units are anticipated in the future. | The Waukesha Housing Authority owned and managed about 270 public housing units in Waukesha County in 1994. |
| Community Development Block Grant Program | Funds are provided by the U.S. Department of Housing and Urban Development (HUD) directly to Waukesha County, as entitlement grants, to implement community development activities directed toward neighborhood revitalization, economic development, and the provision of community facilities and services. Locally developed programs must give maximum feasible priority to activities which either benefit low- and moderate-income persons or aid in the prevention of slums and blight. Funds are provided by HUD to the State of Wisconsin for disbursement to non-entitlement communities through the State's "small cities" CDBG program. | In fiscal year 1993/1994, Waukesha County received about \$1.5 million in CDBG funds, \$467,000 of which was appropriated specifically for housing projects. It can be estimated that CDBG housing program funds directly served about 150 households in Waukesha County during that period. |
| Home Investment Partnership Act (HOME) Program | Provides annual grants to the State, for disbursement to communities on a competitive basis, to expand the supply of decent, safe, and sanitary housing for low-income families; build capacity to implement affordable housing programs; and provide for coordinated assistance to program participants in the development of affordable low-income families. | The Waukesha Housing Authority, the City of Waukesha, and Community Housing Initiative, Inc. have all been sponsors in Waukesha County efforts to secure HOME funds through the State in 1993 and 1994. HOME funds were used directly for rehabilitation of about 20 homes and about 15 rental housing units in the County in 1994; and HOME funds were used by Community Housing Initiative, Inc. in conjunction with other local agencies and funding sources, for rehabilitation of about 50 efficiency rental housing units in 1993. |
| U.S. Department of Agriculture, Farmers Home Administration (FmHA) | | |
| Section 502 Rural Housing Subsidy Program | Loans are provided to households in rural areas for construction, improvement, repair, or rehabilitation of single-family homes, including manufactured homes, and to provide adequate water and wastewater disposal systems. | About 10 households are served per year in Waukesha County. |
| Section 515 Rural Rental Housing Program | Loans are provided to developers, public and nonprofit agencies, and cooperatives, in rural areas for construction or purchase and rehabilitation of apartment-style rental housing. A rental assistance program is also available to very low-income families, including elderly. | About 40 existing households were served in Waukesha County in 1994. |
| SUMMARY | | |
| All local, State, and Federal housing-related programs inventoried | All programs listed in this table | It may be concluded that local, State, and Federal housing-related programs listed in this table cumulatively served about 4,000 households in Waukesha County in 1994. The number of households served, however, can vary from year to year, depending on funding availability and program changes. |

Source: U. S. Department of Housing and Urban Development; U.S. Department of Agriculture, Farmers Home Administration; Wisconsin Department of Administration, Division of Housing; Wisconsin Housing and Economic Development Authority; Waukesha County; and SEWRPC.

with persons who may desire to live in Waukesha County.

Accordingly, this section of the chapter sets forth information concerning the cost to provide new housing in Waukesha County, specifically the cost to provide housing that would meet the minimum standards for housing set forth in Chapter IX of this report. Such standards indicate the minimum total improved floor area²⁶ is 450 square feet for 1-bedroom units,²⁷ 700 square feet for 2-bedroom units,²⁷ and 1,000 square feet for 3-bedroom units.²⁷

Development of Cost Estimates

The overall cost of constructing and occupying housing is determined by a number of component costs, including the costs of land, land development, materials and labor, fees and permits, developer and builder profit margins, and financing. For purposes of this analysis, it was assumed that such component costs are competitively determined by market forces and are, as a practical matter, as low as can be expected.

To facilitate this analysis, unit costs for land, land improvements, and building construction, along with financing costs and profit margins, were obtained through contacts with builders, lenders, and appraisers who are active in, and familiar with, the residential real estate market in Waukesha County. These unit costs and rates were used to develop the construction and occupancy costs set forth herein.

In developing the cost estimates, it was assumed that all housing would be provided with basic public infrastructure facilities, including public sanitary

sewer, public water supply, special stormwater management, paved street with curb and gutter, sidewalks, and street lighting. It was further assumed that in order to provide housing at the lowest reasonable cost, lot sizes for single- and two-family housing units would not exceed 7,200 square feet in area and multi-family housing units would be provided at a density of 14.5 units per net acre, or about 3,000 square feet of site area per dwelling unit.

Construction and Occupancy

Costs of New Minimum Housing

Table 108 sets forth the estimated costs, by component, for constructing and occupying new minimum-standard housing in Waukesha County in 1994. As indicated in this table and in Figures 81, 82, and 83, the estimated costs to construct such housing ranged from about \$105,400 for a three-bedroom single-family housing unit situated on a 7,200 square foot lot, to about \$35,200 for a one-bedroom housing unit in a multi-family structure developed at an overall density of 14.5 units per net acre. The estimated costs to provide minimum-size housing units in two-family structures fell within this range, with a three-bedroom unit in a two-family structure on a 7,200-square-foot lot costing about \$75,900, and a two-bedroom unit in a similar two-family structure costing about \$60,300. For comparison, with respect to two-bedroom housing units in all three of the different structure types, the estimated cost to provide a minimum-size two-bedroom single-family home, about \$85,400, was \$25,100, or about 42 percent more than the \$60,300 to provide a minimum-size 2-bedroom housing unit in a two-family structure and about \$36,300, or about 74 percent more than the \$49,100 to provide a minimum-size 2-bedroom unit in a multi-family structure (see Table 108).

The cost of providing new minimum housing, then, varies significantly by structure type. As shown in Table 108, savings in costs of both land and construction can accrue when housing units are provided in two- or multi-family structures. Per-unit land costs are lower for two- and multi-family housing units than for single-family homes because two- and multi-family units require less land and land improvements per unit than do single-family homes. Per-unit construction costs are also lower for two- and multi-family housing units than for single-family homes because two- and multi-family units require less exterior foundation, wall, and roof area per unit than do single-family homes. Thus, opportunities for significant savings may be realized by

²⁶Minimum total improved floor area includes usable floor area, including bathrooms, hallways within the living unit, and closets, but excludes basements, garages, and attics except those portions of same which are improved and could be utilized as year-round living space.

²⁷Chapter IX of this report specifies a minimum floor area requirement of 420 square feet for a one-bedroom unit; 700 square feet for a two-bedroom unit; and 980 square feet for a three-bedroom unit. These minimums have been adjusted upward to the next nearest 50 feet in order to be consistent with the zoning analysis set forth in a subsequent section of the chapter. Zoning ordinances typically set forth floor area requirements for specific housing units in 50- or 100-square foot increments.

Table 108

CONSTRUCTION AND OCCUPANCY COSTS FOR NEW MINIMUM HOUSING UNITS IN WAUKESHA COUNTY: 1994

| Costs | Single-Family Housing Unit ^a | | Two-Family Housing Unit ^b | | Multi-Family Housing Unit ^c | |
|---|---|-----------------|--------------------------------------|-----------------|--|-----------------|
| | Three-Bedroom | Two-Bedroom | Three-Bedroom | Two-Bedroom | Two-Bedroom | One-Bedroom |
| Land Development Costs | | | | | | |
| Land ^d | \$ 2,560 | \$ 2,560 | \$ 1,280 | \$ 1,280 | \$ 5,600 | \$ 5,600 |
| Land Improvements ^e | 11,860 | 11,860 | 5,860 | 5,860 | 2,780 | 2,780 |
| Special Stormwater Management ^f | -- | -- | -- | -- | 340 | 340 |
| Development or Construction Loan Interest Fees; Engineering, Legal, and Accounting Fees; Permit and Review Process; Insurance; and Allowance for Contingencies ^g | 6,250 | 6,250 | 3,150 | 3,150 | -- | -- |
| Developer Overhead and Profit ^h | 4,500 | 4,500 | 2,275 | 2,275 | -- | -- |
| Subtotal | \$ 24,970 | \$24,970 | \$12,565 | \$12,565 | \$ 8,720 | \$ 8,720 |
| Housing Unit Construction Costs | | | | | | |
| Housing Unit Only, Materials and Labor ⁱ | \$ 64,000 | \$46,200 | \$51,000 | \$37,100 | \$27,300 | \$17,550 |
| Garage, Materials, and Labor ^j | 6,000 | 6,000 | 3,750 | 3,750 | -- | -- |
| General Contractor Overhead and Profit ^k | 8,400 | 6,260 | 6,570 | 4,900 | -- | -- |
| Permits and Fees ^l | 2,000 | 2,000 | 2,000 | 2,000 | -- | -- |
| Subtotal | \$ 80,400 | \$60,460 | \$63,320 | \$47,750 | \$27,300 | \$17,550 |
| Housing Package | | | | | | |
| Lot or Land | \$ 24,970 | \$24,970 | \$12,565 | \$12,565 | \$ 8,720 | \$ 8,720 |
| Housing Unit | 80,400 | 60,460 | 63,320 | 47,750 | 27,300 | 17,550 |
| Development or Construction Loan Interest Fees; Engineering, Legal, and Accounting Fees; Permit and Review Process; Insurance; and Allowance for Contingencies ^g | -- | -- | -- | -- | 7,610 | 5,170 |
| Developer Overhead and Profit ^h | -- | -- | -- | -- | 5,480 | 3,720 |
| Total | \$105,370 | \$85,430 | \$75,885 | \$60,315 | \$49,110 | \$35,160 |
| Monthly Occupancy Costs | | | | | | |
| Mortgage Payment ^m | \$ 780 | \$ 633 | \$ 561 | \$ 447 | \$ 364 | \$ 280 |
| Property Taxes ⁿ | 263 | 214 | 190 | 151 | 123 | 88 |
| Property Insurance ^o | 18 | 14 | 13 | 10 | 8 | 6 |
| Utilities ^p | 76 | 53 | 68 | 47 | 47 | 31 |
| Condominium Fee | -- | -- | -- | -- | 60 | 60 |
| Total Monthly Costs | \$ 1,137 | \$ 914 | \$ 832 | \$ 655 | \$ 602 | \$ 445 |

^aA minimum single-family housing unit consists of a three-bedroom unit with 1,000 square feet of living space or a two-bedroom unit with 700 square feet of living space, situated on a lot 7,200 square feet in area.

^bA minimum two-family housing unit consists of a three-bedroom unit with 1,000 square feet of living space or a two-bedroom unit with 700 square feet of living space, situated on a lot 7,200 square feet in area.

^cA minimum multi-family housing unit consists of a two-bedroom unit with 700 square feet of living space or a one-bedroom unit with 450 square feet of living space, at a dwelling unit density of 14.5 units per net acre.

^dThe average sale price of undeveloped land zoned for single- or two-family use within sewer service areas in Waukesha County in 1994 was estimated to be \$15,500 per developable acre. The average sale price of undeveloped land zoned for multi-family use within sewer service areas in Waukesha County in 1994 was estimated to be \$5,600 per housing unit permitted.

^eLot improvement costs include grading and landscaping; surface parking; streets, including curb, gutter, and storm sewer; driveways; sidewalks and street lighting; and sanitary sewer and water systems.

^fAdditional stormwater management measures are necessary for multi-family developments due to a larger proportion of the site being covered by impervious surfaces. Such costs are estimated to be \$5,000 per acre, but may vary for each individual site to be developed.

^gThese costs are computed as 25 percent of the total lot price for single- and two-family housing, and as 25 percent of land development and construction costs, minus raw land costs, for multi-family housing.

^hDeveloper overhead and profit is computed as 18 percent of the total lot price for single- and two-family housing, and as 18 percent of land development and construction costs, minus raw land costs, for multi-family housing.

ⁱBased on construction costs of \$64 per square foot for three-bedroom single-family housing; \$66 per square foot for two-bedroom single-family housing; \$51 per square foot for three-bedroom two-family housing; \$53 per square foot for two-bedroom two-family housing; and \$39 per square foot for multi-family housing.

^jBased on construction costs of \$15 per square foot. Assumes 400 square foot garage for single-family housing units; 250 square foot garage for each unit in a two-family structure; and surface parking, no garage, for multi-family units.

^kBased on 12 percent of construction costs for house and garage for single- and two-family housing units.

^lIncludes architectural board review fees, building permits, inspection fees, school fees, park development fees, and impact fees. These fees vary widely between communities, and can range from \$0 to as much as \$6,000 per unit, and may include portions which are refundable.

^mAssumes 10 percent down payment, 9.25 percent annual interest, and 30 year repayment term.

ⁿProperty taxes were computed based on a tax rate of \$30 per thousand dollars of value per year.

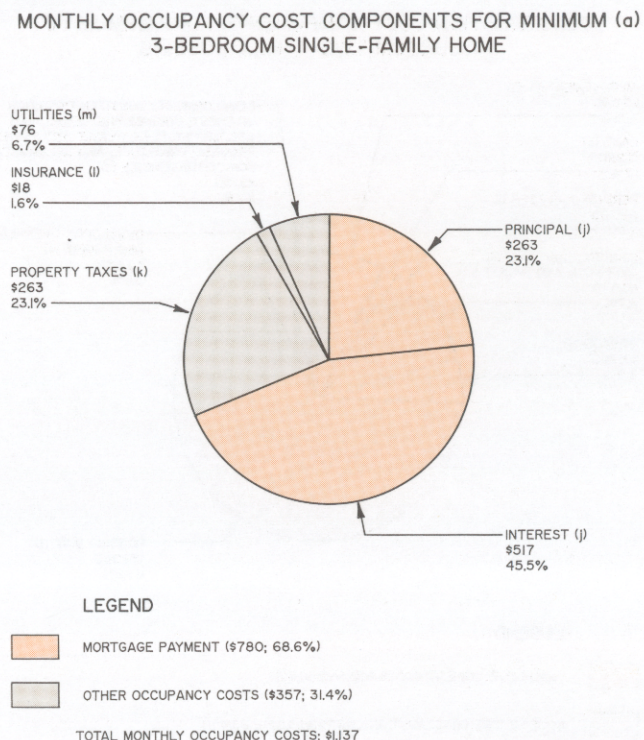
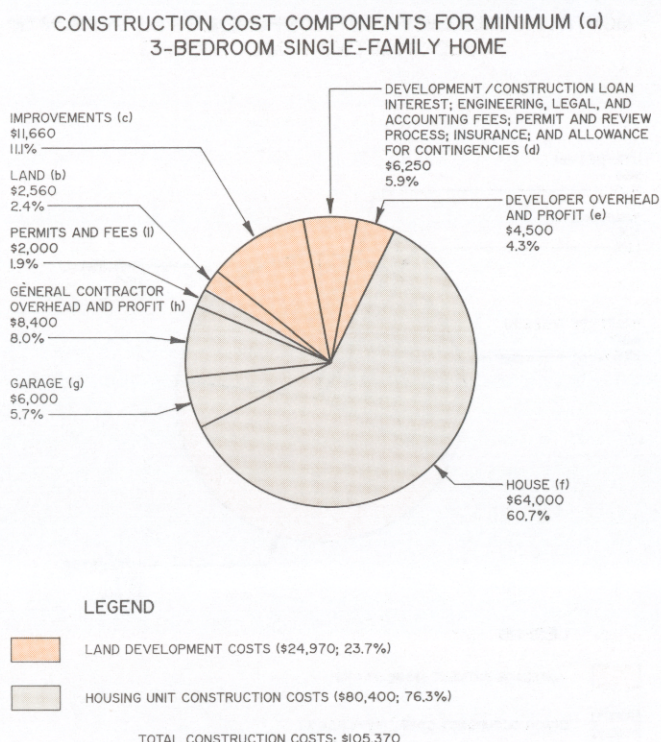
^oProperty insurance was computed as 0.2% of the value of the property per year.

^pUtilities are estimated based on square feet of living area.

Source: SEWRPC.

Figure 81

CONSTRUCTION AND OCCUPANCY COST COMPONENTS FOR NEW MINIMUM HOUSING UNITS IN WAUKESHA COUNTY: 1994



^aA MINIMUM SINGLE-FAMILY HOUSING UNIT CONSISTS OF A 3-BEDROOM UNIT WITH 1,000 SQUARE FEET OF LIVING SPACE, SITUATED ON A LOT 7,200 SQUARE FEET IN AREA.

^bTHE AVERAGE SALE PRICE OF UNDEVELOPED LAND ZONED FOR SINGLE- OR TWO-FAMILY USE WITHIN SEWER SERVICE AREAS IN WAUKESHA COUNTY IN 1994 WAS ESTIMATED TO BE \$15,500 PER DEVELOPABLE ACRE.

^cLAND IMPROVEMENT COSTS INCLUDE GRADING AND LANDSCAPING; SURFACE PARKING; STREETS—INCLUDING CURB, GUTTER, AND STORM SEWER; DRIVEWAYS; SIDEWALKS AND STREET LIGHTING; AND SANITARY SEWER AND WATER SYSTEMS.

^dTHESE COSTS WERE COMPUTED AS 25 PERCENT OF THE TOTAL LOT PRICE.

^eDEVELOPER OVERHEAD AND PROFIT WAS COMPUTED AS 18 PERCENT OF THE TOTAL LOT PRICE.

^fBASED ON CONSTRUCTION COSTS OF \$84 PER SQUARE FOOT.

^gBASED ON CONSTRUCTION COSTS OF \$15 PER SQUARE FOOT FOR 400 SQUARE FOOT GARAGE.

^hBASED ON 12 PERCENT OF CONSTRUCTION COSTS FOR HOUSING UNIT AND GARAGE.

ⁱINCLUDES ARCHITECTURAL BOARD REVIEW FEES, BUILDING PERMITS, INSPECTION FEES, SCHOOL FEES, PARK DEVELOPMENT FEES, AND IMPACT FEES. THESE FEES VARY WIDELY BETWEEN COMMUNITIES; AND CAN RANGE FROM \$0 TO AS MUCH AS \$6,000, AND MAY INCLUDE PORTIONS WHICH ARE REFUNDABLE.

^jASSUMES 10 PERCENT DOWN PAYMENT, 9.25 PERCENT ANNUAL INTEREST RATE, AND 30-YEAR REPAYMENT TERM. THE AMOUNT OF MONTHLY INTEREST NOTED IS THE AVERAGE INTEREST PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN. THE AMOUNT OF MONTHLY PRINCIPAL NOTED IS THE AVERAGE PRINCIPAL PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN.

^kPROPERTY TAXES WERE COMPUTED BASED ON A TAX RATE OF \$30 PER THOUSAND DOLLARS OF VALUE, PER YEAR.

^lPROPERTY INSURANCE WAS COMPUTED AS 0.2 PERCENT OF THE VALUE OF THE PROPERTY, PER YEAR.

^mUTILITIES WERE ESTIMATED BASED UPON SQUARE FEET OF LIVING AREA.

SOURCE: SEWRPC.

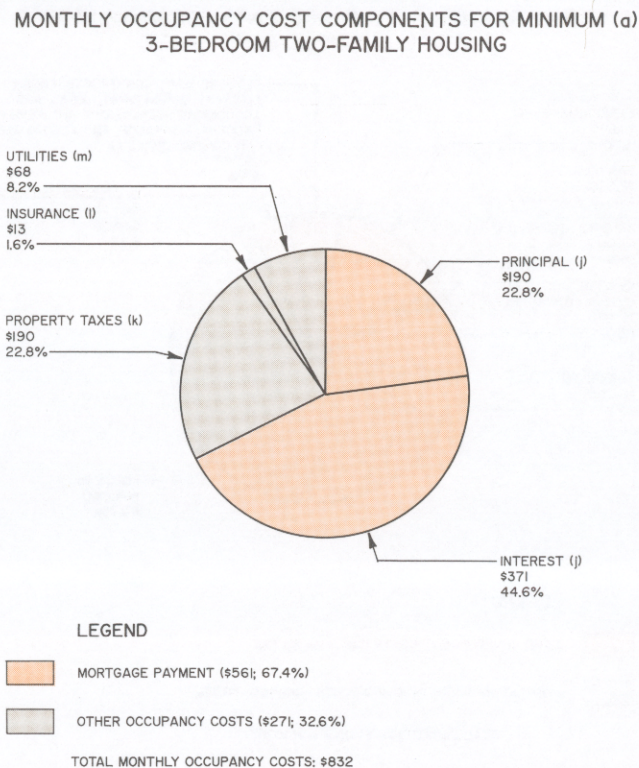
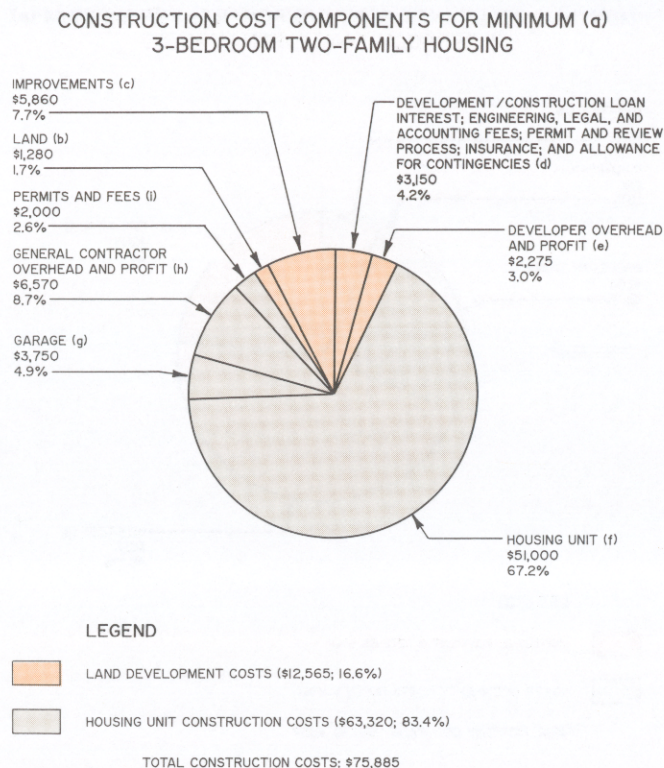
providing new housing units in two- and multi-family structures.

It should not be assumed that the provision of minimum cost single- and two-family housing requires the use of 7,200-square-foot lots. Land and improvement costs comprise about 24 percent of the total cost of single-family homes and about 17 percent of the total cost of housing units in two-family structures; therefore somewhat larger lots could be

used. Smaller lots, however, could also be used. Development of housing on one-quarter-acre lots, or about 10,000 square feet, would increase the package price for a new minimum-size three-bedroom single-family home by about \$5,000, or about 4.7 percent, from about \$105,400 to about \$110,400. The package price for a three-bedroom housing unit in a two-family structure would increase by about \$2,500, or about 3.3 percent, from about \$75,900 to about \$78,400.

Figure 82

CONSTRUCTION AND OCCUPANCY COST COMPONENTS FOR NEW MINIMUM TWO-FAMILY HOUSING UNITS IN WAUKESHA COUNTY: 1994



^aA MINIMUM TWO-FAMILY HOUSING UNIT CONSISTS OF A 3-BEDROOM UNIT WITH 1,000 SQUARE FEET OF LIVING SPACE, SITUATED ON A LOT 7,200 SQUARE FEET IN AREA.

^bTHE AVERAGE SALE PRICE OF UNDEVELOPED LAND ZONED FOR SINGLE- OR TWO-FAMILY USE WITHIN SEWER SERVICE AREAS IN WAUKESHA COUNTY IN 1994 WAS ESTIMATED TO BE \$15,500 PER DEVELOPABLE ACRE.

^cLAND IMPROVEMENT COSTS INCLUDE GRADING AND LANDSCAPING; SURFACE PARKING; STREETS—INCLUDING CURB, GUTTER, AND STORM SEWER; DRIVEWAYS; SIDEWALKS AND STREET LIGHTING; AND SANITARY SEWER AND WATER SYSTEMS.

^dTHESE COSTS WERE COMPUTED AS 25 PERCENT OF THE TOTAL LOT PRICE.

^eDEVELOPER OVERHEAD AND PROFIT WAS COMPUTED AS 18 PERCENT OF THE TOTAL LOT PRICE.

^fBASED ON CONSTRUCTION COSTS OF \$51 PER SQUARE FOOT.

^gBASED ON CONSTRUCTION COSTS OF \$15 PER SQUARE FOOT FOR 250 SQUARE FOOT GARAGE.

^hBASED ON 12 PERCENT OF CONSTRUCTION COSTS FOR HOUSING UNIT AND GARAGE.

ⁱINCLUDES ARCHITECTURAL BOARD REVIEW FEES, BUILDING PERMITS, INSPECTION FEES, SCHOOL FEES, PARK DEVELOPMENT FEES, AND IMPACT FEES. THESE FEES VARY WIDELY BETWEEN COMMUNITIES; AND CAN RANGE FROM \$0 TO AS MUCH AS \$6,000, AND MAY INCLUDE PORTIONS WHICH ARE REFUNDABLE.

^jASSUMES 10 PERCENT DOWN PAYMENT, 9.25 PERCENT ANNUAL INTEREST RATE, AND 30-YEAR REPAYMENT TERM. THE AMOUNT OF MONTHLY INTEREST NOTED IS THE AVERAGE INTEREST PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN. THE AMOUNT OF MONTHLY PRINCIPAL NOTED IS THE AVERAGE PRINCIPAL PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN.

^kPROPERTY TAXES WERE COMPUTED BASED ON A TAX RATE OF \$30 PER THOUSAND DOLLARS OF VALUE, PER YEAR.

^lPROPERTY INSURANCE WAS COMPUTED AS 0.2 PERCENT OF THE VALUE OF THE PROPERTY, PER YEAR.

^mUTILITIES WERE ESTIMATED BASED UPON SQUARE FEET OF LIVING AREA.

SOURCE: SEWRPC.

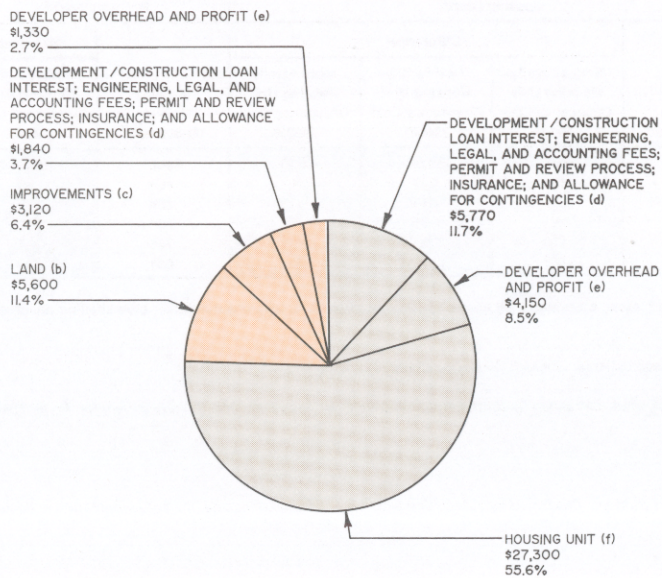
Also indicated in Table 108 and in Figures 81, 82, and 83, the monthly cost to occupy minimum-size housing units in 1994 ranged from about \$1,140 for a three-bedroom single-family home to about \$445 for a one-bedroom housing unit in a multi-family structure. The monthly cost to occupy minimum-size housing units in two-family structures fell within this range, with the occupancy of a minimum-size 3-bedroom unit in a two-family structure

costing about \$830 per month and occupancy of a minimum-size two-bedroom unit in a two-family structure costing about \$650 per month. For comparison, with respect to two-bedroom housing units in all three of the different structure types, the monthly cost to occupy a minimum-size two-bedroom single-family home, about \$910, was \$260, or about 40 percent more than the \$660 monthly cost to occupy a minimum-size two-bedroom housing

Figure 83

CONSTRUCTION AND OCCUPANCY COST COMPONENTS FOR NEW MINIMUM MULTI-FAMILY HOUSING UNITS IN WAUKESHA COUNTY: 1994

CONSTRUCTION COST COMPONENTS FOR MINIMUM (d) 2-BEDROOM MULTI-FAMILY HOUSING

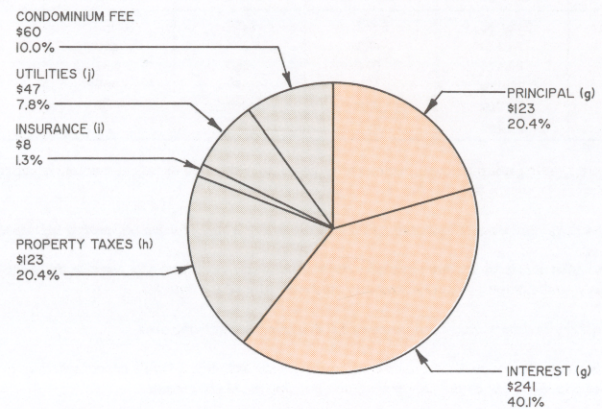


LEGEND



TOTAL CONSTRUCTION COSTS: \$49,110

MONTHLY OCCUPANCY COST COMPONENTS FOR MINIMUM (d) 2-BEDROOM MULTI-FAMILY HOUSING



LEGEND



TOTAL MONTHLY OCCUPANCY COSTS: \$602

^aA MINIMUM MULTI-FAMILY HOUSING UNIT CONSISTS OF A 2-BEDROOM UNIT WITH 700 SQUARE FEET OF LIVING SPACE, DEVELOPED AT AN OVERALL DENSITY OF 14.5 UNITS PER NET ACRE.

^bTHE AVERAGE SALE PRICE OF UNDEVELOPED LAND ZONED FOR MULTI-FAMILY USE WITHIN SEWER SERVICE AREAS IN WAUKESHA COUNTY IN 1994 WAS ESTIMATED TO BE \$5,600 PER HOUSING UNIT PERMITTED.

^cLAND IMPROVEMENT COSTS INCLUDE GRADING AND LANDSCAPING; SURFACE PARKING; STREETS—INCLUDING CURB, GUTTER, AND STORM SEWER; DRIVEWAYS; SIDEWALKS AND STREET LIGHTING; AND SANITARY SEWER AND WATER SYSTEMS.

^dTHESE COSTS WERE COMPUTED AS 25 PERCENT OF THE TOTAL PROJECT COSTS, AND WERE ALLOCATED TO LAND COSTS AND CONSTRUCTION COSTS TO FACILITATE COMPARISONS WITH SINGLE- AND TWO-FAMILY COMPONENT COSTS.

^eDEVELOPER OVERHEAD AND PROFIT WAS COMPUTED AS 18 PERCENT OF THE TOTAL LOT PRICE, AND WAS ALLOCATED TO LAND COSTS AND CONSTRUCTION COSTS TO FACILITATE COMPARISONS WITH SINGLE- AND TWO-FAMILY COMPONENT COSTS.

^fBASED ON CONSTRUCTION COSTS OF \$39 PER SQUARE FOOT.

^gASSUMES 10 PERCENT DOWN PAYMENT, 9.25 PERCENT ANNUAL INTEREST RATE, AND 30-YEAR REPAYMENT TERM. THE AMOUNT OF MONTHLY INTEREST NOTED IS THE AVERAGE INTEREST PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN. THE AMOUNT OF MONTHLY PRINCIPAL NOTED IS THE AVERAGE PRINCIPAL PAID PER MONTH FOR THE ENTIRE TERM OF THE LOAN.

^hPROPERTY TAXES WERE COMPUTED BASED ON A TAX RATE OF \$30 PER THOUSAND DOLLARS OF VALUE, PER YEAR.

ⁱPROPERTY INSURANCE WAS COMPUTED AS 0.2 PERCENT OF THE VALUE OF THE PROPERTY, PER YEAR.

^jUTILITIES WERE ESTIMATED BASED UPON SQUARE FEET OF LIVING AREA.

SOURCE: SEWRPC.

unit in a two-family structure and was about \$310, or about 52 percent, more than the \$450 monthly cost to occupy a minimum-size two-bedroom unit in a multi-family structure (see Table 108).

Increases in housing package costs attendant to developing housing on lots one-quarter acre, or about 10,000 square feet, in area would have the effect of increasing the monthly occupancy cost for a three-bedroom single-family home by \$43, or about 3.8 percent, from \$1,137 to \$1,180. The

monthly occupancy cost for a three-bedroom housing unit in a two-family structure would increase by \$25, or about 3.0 percent, from \$832 to \$857.

Affordability of New Minimum-Size Housing

As noted earlier in this chapter, households with a 1989 income of less than \$27,500, as a group, spent at least 30 percent of their income for housing, while households in the income groups over \$27,500 spent considerably less than 30 percent of their income for housing. Thus, households with 1989

Table 109

**COMPARISON OF MONTHLY HOUSING ALLOWANCE AND MONTHLY
OCCUPANCY COST FOR NEW MINIMUM-SIZE HOUSING UNITS IN WAUKESHA COUNTY: 1994**

| 1989 Household Income | 1994 Household Income ^a | Difference Between Monthly Housing Allowance and Monthly Occupancy Costs for New Minimum Housing | | | | | | | | |
|-----------------------------|--|--|--|---|---|--|---|---|--|---|
| | | Minimum 3-Bedroom Housing Units ^c | | | Minimum 2-Bedroom Housing Units ^e | | | Minimum 1-Bedroom Housing Units ^g | | |
| | | Monthly Housing Allowance ^b | Difference | | Monthly Housing Allowance ^d | Difference | | | Monthly Housing Allowance ^f | Difference |
| | | | Single-Family Housing Unit Occupancy Cost (\$1,137) | Two-Family Housing Unit Occupancy Cost (\$832) | | Single-Family Housing Unit Occupancy Cost (\$914) | Two-Family Housing Unit Occupancy Cost (\$655) | Multi-Family Housing Unit Occupancy Cost (\$602) | | Multi-Family Housing Unit Occupancy Cost (\$445) |
| \$10,000 | \$12,090 | \$272 | -\$865 | -\$560 | \$282 | -\$632 | -\$373 | -\$320 | \$302 | -\$143 |
| 15,000 | 18,130 | 423 | -714 | -409 | 433 | -481 | -222 | -169 | 453 | \$8 |
| 20,000 | 24,170 | 574 | -563 | -258 | 584 | -330 | -71 | -18 | 604 | 159 |
| 22,500 | 27,190 | 650 | -487 | -182 | 660 | -254 | 5 | 58 | 680 | 235 |
| 25,000 | 30,220 | 726 | -411 | -106 | 736 | -178 | 81 | 134 | 756 | 311 |
| 27,500 | 33,240 | 801 | -336 | -31 | 811 | -103 | 156 | 209 | 831 | 386 |

NOTE: Light blue shading denotes combinations of monthly housing allowance and monthly occupancy cost for which housing may not be considered affordable, whereas the darker blue shading denotes such combinations for which housing may be considered affordable.

^aEstimated 1994 dollar equivalents as based on the Consumer Price Index for the Milwaukee Metropolitan Statistical Area, of which Waukesha County is a part.

^bThe monthly housing allowance for three-bedroom housing units assumes a family of five with three dependent children. Calculated by subtracting \$1,200 from the annual income, the adjustment for three dependent children, multiplying the result by 0.3 (30 percent) and dividing by 12 (12 months).

^cMinimum-size three-bedroom housing units have 1,000 square feet of living area.

^dThe monthly housing allowance for two-bedroom housing units assumes a family of four with two dependent children. Calculated by subtracting \$800 from the annual income, the adjustment for two dependent children, multiplying the result by 0.3 (30 percent) and dividing by 12 (12 months).

^eMinimum-size two-bedroom housing units have 700 square feet of living area.

^fThe monthly housing allowance for one-bedroom housing units assumes a family or non-family household with two persons. Calculated by multiplying the annual income by 0.3 (30 percent) and dividing by 12 (12 months).

^gMinimum-size one-bedroom housing units have 450 square feet of living area.

Source: SEWRPC.

incomes above \$27,500 generally were able to secure adequate housing through the private- sector housing market, while households with 1989 incomes below \$27,500 generally were unable to secure such housing at a cost commensurate with their incomes. The following portion of the chapter presents a comparison of the monthly housing allowance²⁸ and monthly occupancy costs²⁹ for new minimum-size housing within the County, relating such costs to 1989 income levels below \$27,500. Using this approach, an estimate was made of the extent to which households earning \$27,500 or less in 1989

could afford new minimum-size housing, if such housing were allowed by the public sector to be built, and if the private sector would respond to the need and opportunity to build such housing.

Table 109 sets forth a comparison of the monthly housing allowance and monthly occupancy costs for new minimum-size housing in Waukesha County in 1994. The information presented uses 1989 household income adjusted to reflect general price inflation through the year 1994. In determining the monthly housing allowance, it was assumed that a family of five would occupy a three-bedroom housing unit, a family of four would occupy a two-bedroom housing unit, and a family of two would occupy a one-bedroom housing unit.

As indicated in Table 109, a 1989 household income of \$27,500 would, according to the Consumer Price Index for the Milwaukee Area, represent a 1994 household income of \$33,240. Households with a 1994 income of \$33,240 would, considering the appropriate deduction for dependent children, have a monthly housing allowance of \$801 to live in a

²⁸The monthly housing allowance is the maximum amount households with a given income can afford to spend for housing, computed on the basis of 30 percent of adjusted gross income.

²⁹Monthly occupancy costs include mortgage payment, property taxes, property insurance, utilities, and condominium fee for multi-family housing units.

Table 110

COMPARISON OF HOUSING COSTS AND ANNUAL INCOME/HOURLY WAGES

| Housing Costs | | Family Size | | | | | | | | | |
|----------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | No Children | | 1 Child | | 2 Children | | 3 Children | | 4 Children | |
| Purchase Price | Monthly Occupancy Cost ^a | Annual Income Required ^b | Hourly Wage Equivalent ^c | Annual Income Required ^b | Hourly Wage Equivalent ^c | Annual Income Required ^b | Hourly Wage Equivalent ^c | Annual Income Required ^b | Hourly Wage Equivalent ^c | Annual Income Required ^b | Hourly Wage Equivalent ^c |
| \$30,000 | \$ 392 | \$15,680 | \$ 7.54 | \$16,080 | \$ 7.73 | \$16,480 | \$ 7.92 | \$16,880 | \$ 8.12 | \$17,280 | \$ 8.31 |
| 40,000 | 498 | 19,920 | 9.58 | 20,320 | 9.77 | 20,720 | 9.96 | 21,120 | 10.15 | 21,520 | 10.35 |
| 50,000 | 599 | 23,960 | 11.52 | 24,360 | 11.71 | 24,760 | 11.90 | 25,160 | 12.10 | 25,560 | 12.29 |
| 60,000 | 654 | 26,160 | 12.58 | 26,560 | 12.77 | 26,960 | 12.96 | 27,360 | 13.15 | 27,760 | 13.35 |
| 70,000 | 765 | 30,600 | 14.71 | 31,000 | 14.90 | 31,400 | 15.10 | 31,800 | 15.29 | 32,200 | 15.48 |
| 80,000 | 881 | 35,240 | 16.94 | 35,640 | 17.13 | 36,040 | 17.33 | 36,440 | 17.52 | 36,840 | 17.71 |
| 90,000 | 981 | 39,240 | 18.87 | 39,640 | 19.06 | 40,040 | 19.25 | 40,440 | 19.44 | 40,840 | 19.63 |
| 96,080 ^d | 1,043 | 41,720 | 20.06 | 42,120 | 20.25 | 42,520 | 20.44 | 42,920 | 20.63 | 43,320 | 20.83 |
| 100,000 | 1,082 | 43,280 | 20.81 | 43,680 | 21.00 | 44,080 | 21.19 | 44,480 | 21.38 | 44,880 | 21.58 |
| 110,000 | 1,193 | 47,720 | 22.94 | 48,120 | 23.13 | 48,520 | 23.33 | 48,920 | 23.52 | 49,320 | 23.71 |
| 120,000 | 1,298 | 51,920 | 24.96 | 52,320 | 25.15 | 52,720 | 25.35 | 53,120 | 25.54 | 53,520 | 25.73 |
| 130,000 ^a | 1,399 | 55,960 | 26.90 | 56,360 | 27.10 | 56,760 | 27.29 | 57,160 | 27.48 | 57,560 | 27.67 |
| 140,000 | 1,500 | 60,000 | 28.85 | 60,400 | 29.04 | 60,800 | 29.23 | 61,200 | 29.42 | 61,600 | 29.62 |
| 150,000 | 1,611 | 64,440 | 30.98 | 64,840 | 31.17 | 65,240 | 31.37 | 65,640 | 31.56 | 66,040 | 31.75 |
| 160,000 | 1,711 | 68,440 | 32.90 | 68,840 | 33.10 | 69,240 | 33.29 | 69,640 | 33.48 | 70,040 | 33.67 |
| 170,000 | 1,822 | 72,880 | 35.04 | 73,280 | 35.23 | 73,680 | 35.42 | 74,080 | 35.62 | 74,480 | 35.81 |
| 180,000 | 1,923 | 76,920 | 36.98 | 77,320 | 37.17 | 77,720 | 37.37 | 78,120 | 37.56 | 78,520 | 37.75 |

^aMonthly occupancy costs include mortgage payment, property taxes, property insurance, and utilities. Mortgage payment is based on 10 percent down payment, 9.25 percent annual interest, and 30 year repayment term.

^bThe annual income required is based upon housing costs comprising 30 percent of the adjusted annual income. Annual income required is adjusted upward by \$400 per dependent child for families with children.

^cThe hourly wage equivalent is calculated by dividing the annual income required by 2,080, the number of hours in a standard work year.

^dMedian value for all owner occupied housing units, as enumerated for Waukesha County by the 1990 U.S. Census of Population and Housing.

^eMedian asking price for vacant for sale housing units, as enumerated for Waukesha County by the 1990 U.S. Census of Population and Housing.

Source: U. S. Bureau of the Census and SEWRPC.

minimum-size three-bedroom housing unit, \$811 to live in a minimum-size two-bedroom housing unit, and \$831 to live in a minimum-size one-bedroom housing unit. As shown in Table 109, such households would be unable to afford a minimum-size two- or three-bedroom housing unit in a single-family structure, as well as a minimum-size three-bedroom unit in a two-family structure. Such households would, however, be able to afford a minimum-size 2-bedroom housing unit within either a two-family or multi-family structure, and a minimum-size one-bedroom unit in a multi-family structure. The lowest-income households would have the most severe affordable housing problem, with households having incomes of \$12,100 or less in 1994 unable to afford the minimum-size housing units in any structure type. It is evident, however, that minimum-size two-bedroom housing units in two-family or multi-family structures would be affordable to households with a 1994 income of \$27,200, while minimum-size one-bedroom units in multi-family structures would be affordable to households with a 1994 income of \$18,100.

Affordability of Housing in General

In addition to cost-income relationships for new minimum-size housing units, it is also useful to examine housing cost-income relationships in a more generalized manner. Table 110 presents a comparison of housing costs and minimum required annual income, or hourly wage levels, necessary to occupy housing with various sale prices or monthly occupancy costs. Using information presented in the inventory of the existing housing stock, presented earlier in this chapter, combined with information set forth in Table 110, the affordability of median-value and median-asking-price housing in the County can be expressed in terms of minimum annual income, or hourly wage levels, necessary to afford such housing.

As indicated in Table 110, a family of four with two children would need an annual income of about \$42,520, or an hourly wage of about \$20.45, to purchase a median-value home, priced at about \$96,080, in the County in 1990. That same family would need an annual income of about \$56,760, or

an hourly-wage equivalent of about \$27.30, to purchase a median price vacant-for-sale housing unit, priced at about \$130,000, in the County in 1990.

From the foregoing information, it is evident that jobs must pay \$10 or more per hour to enable persons or families to obtain adequate housing in Waukesha County. About one-half of the new jobs created within the County between 1990 and 1995 were in the relatively low-paying retail trade and services sectors, for which median earnings in 1989 were below \$7.50 per hour. Over that same period, only about one-third of the housing units authorized by building permits in the County were provided within typically lower-cost two- and multi-family structures (see Table 80). These trends have important implications for County economic development, since lower-paying and even more modest-paying jobs may be difficult to fill with residents because of a lack of housing affordable to the potential workers. It is thus essential that the County development plan address future housing needs related to job growth within the County, especially near major employment centers.

COMMUNITY ZONING PROVISIONS GOVERNING RESIDENTIAL STRUCTURE TYPE, FLOOR AREA, AND LOT SIZE

Housing structure types, housing unit sizes, and lot sizes are controlled by community zoning regulations. It is therefore appropriate to examine those regulations to identify the extent to which they permit or preclude lower-cost minimum-size housing structures and lots. A review of such zoning regulations and related zoning district maps indicates the amount and location of lands which may be available to accommodate minimum-size housing units and lots. A determination can then be made of the extent to which such lands would accommodate the housing units required for those County resident households and nonresident County worker households, about 19,930 in 1990, found in prior analyses within this chapter to be unable to afford housing commensurate with their incomes.

Impacts of Community Zoning Regulations on the Provision of Lower-Cost Housing

The zoning powers of Waukesha County and of the cities, villages, and towns in the County represent one of the most important influences directing and shaping housing development patterns within the County. Zoning regulations can substantially determine the characteristics of housing development, including the quality, quantity, location, size, type,

and cost of the housing units. Therefore, an inventory and descriptive analysis of each existing residential zoning district in each community in the County, as those districts facilitate or constrain the availability of lower-cost housing, is essential to the preparation of a housing element for the County development plan.

It should be noted that, because the objectives of the County development plan, set forth in Chapter IX, specify that all new urban residential development should be located in areas where centralized public sanitary sewerage is provided, only those areas containing lands within existing or proposed sanitary sewer service areas were included in the analysis.

It should also be noted that special provisions modifying the basic zoning district regulations, such as conditional use or planned unit development provisions, as provided by some communities may increase the likelihood that the affected districts could be used to accommodate lower-cost housing through provisions for increased densities. This analysis therefore considered such special provisions, with the local zoning districts being evaluated on the basis of any special as well as general provisions. It should be noted in this respect, however, that minimum floor areas, not lot size or density, constitutes the zoning provision limiting the ability to accommodate minimum-size housing units in most communities within the County. Modification of lot size or density provisions through conditional use or planned unit development provisions would not alone have a significant effect on the ability of those communities to accommodate truly minimum-size housing units.

Components of Community Zoning Regulations Which Affect Provision of Lower-Cost Housing:

Three components of zoning regulations which affect the availability of lower-cost housing are: 1) structure-type requirements, 2) structure-size requirements, and 3) minimum-lot-size or maximum-density requirements.

Structure Type: Permitted structure types such as single-family, two-family, and multi-family, are specified in zoning regulations for each residential zoning district. Some residential zoning districts may permit only one structure type, while others permit several structure types. The permitted structure types of residential zoning districts in Waukesha County are important to consider insofar as such districts can prohibit or severely limit the provision of new two- and multi-family housing,